

October 28, 1982

PURCHASE AND REPURCHASE AGREEMENT

THIS AGREEMENT entered into this day of
1982, by and between the Government Land Bank ("Land Bank"),
Boston Redevelopment Authority ("Boston"), Lower Mills Associates
("Associates") and Lower Mills Limited Partnership ("Partnership")

W I T N E S S E T H T H A T :

WHEREAS, Associates has acquired or will acquire the Real
Estate, as hereinafter defined; and

WHEREAS, Associates has submitted to Land Bank a redevelopment
plan for the Real Estate for approval by Land Bank in accordance
with Chapter 212 of the Acts of 1975, as amended; and

WHEREAS, the parties wish to provide for the acquisition of
the Real Estate by Land Bank from Associates following completion
of certain improvements, and ultimate reconveyance of the Real
Estate by the Land Bank to Associates through an intermediary
conveyance to Boston, subject to a purchase money mortgage and
the provisions of this Agreement;

NOW THEREFORE, in consideration of the mutual promises contained
herein, the parties hereby agree as follows:

ARTICLE I: DEFINITIONS

For the purpose of this Agreement, the following terms have
the meanings ascribed to them below:

(a) "Associates" shall mean Lower Mills Associates, a
Massachusetts general partnership of which Frank T. Keefe and

Robert H. Kuehn, Jr., are the sole General Partners, with its offices in Boston, Massachusetts;

(b) "Boston" shall mean the Boston Redevelopment Authority, as established and existing under Chapter 121B of the General Laws, with its offices in said Boston;

(c) "Land Bank" shall mean the Government Land Bank, as established and existing under Chapter 212 of the Acts of 1975, as amended, with its offices in said Boston;

(d) "Partnership" shall mean Lower Mills Limited Partnership, of which Frank T. Keefe and Robert H. Kuehn, Jr., are the sole General Partners, with its offices in said Boston; and

(e) "Real Estate" shall mean certain parcels of land located in the Dorchester area of said Boston, more particularly described on Schedule A attached hereto.

ARTICLE II: ACQUISITION BY LAND BANK FROM ASSOCIATES

A: PURCHASE PRICE

(a) Associates hereby agrees to sell and Land Bank agrees to buy, upon the terms hereinafter set forth, the Real Estate. The agreed purchase price for the Real Estate is Three Million, Three Hundred Sixty-Three Thousand Five Hundred Dollars (\$3,363,500). Said purchase price is to be paid at the time of the conveyance of the Real Estate pursuant to Article II-C. Water and sewer use charges and real estate taxes for the then current fiscal year shall be apportioned as of said time, and the net amount thereof shall be added to or deducted from, as the case may be, the purchase price payable by Land Bank. If the amount of said taxes is not then known, they shall be apportioned on the basis of the

taxes assessed for the preceding year, with a reapportionment as soon as the new tax rate and valuation can be ascertained, provided however that if any taxes apportioned hereunder are thereafter reduced by abatement, the amount of such abatement, less the reasonable cost of obtaining the same, shall be apportioned between the parties. No party shall be obligated to institute or prosecute proceedings for any such abatement.

(b) Land Bank has approved a redevelopment plan submitted by Associates in accordance with Chapter 212 of the Acts of 1975, as amended. A copy of said plan is attached hereto as Exhibit 1. As a condition precedent to the obligations of Land Bank hereunder, said plan as well as the Guidelines attached hereto as Exhibit 2 shall be complied with in all respects.

B: CONDITION AND POSSESSION

(a) Associates agrees that prior to the date of conveyance to Land Bank as provided in Article II-C, Associates will have substantially completed all work described on Schedule B attached hereto. Said work shall be deemed substantially complete only upon issuance of a certification by a licensed architect or engineer retained by Land Bank acknowledging such substantial completion in conformity with the standards set forth in American Institute of Architects Document A201, 13th ed. (1976), entitled "General Conditions of the Contract for Construction". Financing of said work shall be extended by Shawmut Bank of Boston, N.A., or pursuant to such other construction loan arrangements as may be approved by Land Bank. The Real Estate shall be conveyed free of all tenants and occupants not theretofore approved by Land

Bank and shall include, as part thereof, no fewer than fifty-seven (57) permanent parking spaces in the location shown on the plan attached hereto as Exhibit 3 or otherwise satisfactory to Land Bank, for the exclusive use of tenants and occupants of the Real Estate.

(b) With respect to the period preceding conveyance of the Real Estate to Land Bank, Associates shall indemnify and save harmless Land Bank, its officers, agents, servants and employees from and against all loss, liability, damage and expense resulting from or based upon any injury to person, or loss of or damage to property sustained or occurring on the Real Estate on account of or based upon the act, omission, fault, negligence or misconduct of any person whomsoever (other than Land Bank or its officers, contractors, agents, servants or employees). Land Bank shall at all reasonable times have free access to the Real Estate and all work being performed thereon for the purposes of inspecting the same or having the same inspected by others, or for any other reason.

C: CONVEYANCE PROVISIONS

Conveyance of the Real Estate to Land Bank shall be made promptly following issuance of the certificate of substantial completion referred to in Article II-B on a date and at a time mutually agreed upon in writing by the parties hereto. Such conveyance and transfer shall take place at the offices of Gaston Snow & Ely Bartlett, One Federal Street, Boston, Massachusetts, or at such other place as may be agreed upon in writing by the parties hereto. At such time and place Associates shall deliver to Land Bank a quitclaim deed conveying to Land Bank good and

clear record and marketable title to the Real Estate, subject to and with the benefit of any encumbrances appearing in Schedule A hereto, and will cause to be delivered to Land Bank either (a) an ALTA Standard Form of Owners Title Insurance Policy dated as of the date of closing in an amount not less than the Purchase Price set forth in Article II-A, and in the form attached hereto as Exhibit 4 or (b) an opinion of counsel satisfactory to Land Bank, dated as of the date of closing, certifying that Land Bank, upon recording of the deed from Associates to Land Bank, acquired a good and clear record and marketable title to the Real Estate, subject only to the foregoing encumbrances and any others approved by Land Bank.

D: FAILURE TO PERFECT TITLE

If Associates shall be unable to give title to or make conveyance or deliver possession of the Real Estate, all as herein stipulated, or if Boston or Partnership will not thereafter be willing or able to comply with its obligations as set forth in this Agreement, then this Agreement shall become null and void and without legal or equitable recourse to either party. Notwithstanding the foregoing, Land Bank may elect to accept such title and possession as Associates can deliver with respect to the Real Estate, and to pay the purchase price therefor without allowance or deduction of any kind.

ARTICLE III: CONVEYANCE FROM LAND BANK TO BOSTON

A: DUTY TO CONVEY

If and only if Land Bank acquires title to the Real Estate in accordance with the foregoing provisions, and forthwith upon

such acquisition, Land Bank shall sell to Boston and Boston shall purchase from Land Bank the Real Estate in accordance with the provisions hereinafter set forth. Land Bank shall have no liability whatsoever in the event that, for any reason other than its own default under this agreement, Land Bank does not acquire title to the Real Estate.

B: PURCHASE PRICE

The agreed purchase price payable by Boston for the Real Estate is an amount equal to the sum of the total purchase price paid by Land Bank to acquire the Real Estate from Associates as provided in Article II-A, plus (if and to the extent Land Bank so elects) all expenses, including but not limited to architectural and engineering costs and legal fees, incurred by Land Bank in connection with the negotiation, execution and performance of this Agreement. Said purchase price is to be paid by the execution, acknowledgement and delivery to Land Bank, upon the conveyance of the Real Estate to Boston pursuant to Article III-D, of a promissory note and purchase money mortgage in the forms attached hereto as Exhibits 5 and 6 respectively, together with such other assurances and opinions as counsel for Land Bank may reasonably require (including without limitation assurances that any obligation to provide relocation assistance to displaced persons has been satisfied), all of which shall be furnished without expense to Land Bank.

C: CONDITION AND POSSESSION; CONVEYANCE

(a) The Real Estate shall, at the time of the conveyance thereof to Boston, be accepted in conformity with the provisions of Article II-B(a).

(b) At such time, Land Bank shall deliver to Boston, upon payment of the purchase price therefor, a quitclaim deed conveying to Boston the same record and marketable title to the Real Estate as was conveyed by Associates to Land Bank.

D: FAILURE TO PERFECT TITLE

If Land Bank shall be unable to give title to or make conveyance or deliver possession of the Real Estate, all as herein stipulated, then this Agreement shall become null and void and without legal or equitable recourse to either party. Notwithstanding the foregoing, Boston may elect (so long as Associates have agreed to do so pursuant to Article IV-D) to accept such title and possession as Land Bank can deliver with respect to the Real Estate, and to pay the purchase price therefor without allowance or deduction of any kind. Upon conveyance of the Real Estate to Boston, Land Bank shall provide Boston with a certification from Land Bank's counsel to the effect that Land Bank has full corporate authority to make such conveyance.

ARTICLE IV: CONVEYANCE FROM BOSTON TO PARTNERSHIP

A: DUTY TO CONVEY

If and only if Boston acquires title to the Real Estate in accordance with the foregoing provisions, and forthwith upon such acquisition, Boston shall sell to Partnership and Partnership shall purchase from Boston the Real Estate in accordance with the provisions hereinafter set forth. Boston shall have no liability whatsoever in the event that, for any reason other than its own default under this Agreement, Boston does not acquire title to the Real Estate.

B: PURCHASE PRICE

The agreed purchase price payable by Partnership for the Real Estate is an amount equal to the total purchase price paid by Boston to acquire the Real Estate from Land Bank as provided in Article III-B. Said purchase price is to be paid through the assumption by Partnership, in the deed conveying the Real Estate to Partnership, of the promissory note and purchase money mortgage executed by Boston pursuant to Article III-B. Said assumption shall be in form and substance satisfactory to Land Bank.

C: CONDITION AND POSSESSION; CONVEYANCE

(a) The Real Estate shall, at the time of the conveyance thereof to Partnership, be accepted in conformity with the provisions of Article II-B(a).

(b) At such time, Boston shall deliver to Partnership, upon payment of the purchase price therefor, a quitclaim deed conveying to Partnership the same record and marketable title to the Real Estate as was conveyed by Land Bank to Boston, and Partnership shall deliver to Boston (i) an instrument indemnifying and saving Boston harmless against any and all liability incident to such conveyance, and (ii) an opinion of counsel that Boston's participation in such conveyance is authorized under applicable statutes.

D: FAILURE TO PERFECT TITLE

If Boston shall be unable to give title to or make conveyance or deliver possession of the Real Estate, all as herein stipulated, then this Agreement shall become null and void and without legal or equitable recourse to either party. Notwithstanding the

foregoing, Partnership may elect to accept such title and possession as Boston can deliver with respect to the Real Estate, and to pay the purchase price therefor without allowance or deduction of any kind.

ARTICLE V: UDAG GRANT AND ESCROW ACCOUNTS

Associates warrants and represents that the City of Boston has been granted assistance under the Urban Development Action Grant Program established pursuant to Section 119 of the Housing and Community Development Act of 1974 pursuant to which at least \$660,000 in funds awarded under said Program is to be invested into an account the income from which is to reduce rents otherwise charged in connection with the proposed development of the Real Estate. In addition, certain escrow accounts are to be established with the City of Boston in order to fund expense contingencies related to said development. All agreements and other documents evidencing or related to said Urban Development Action Grant and/or escrow accounts shall be subject to approval by Land Bank, failing which this Agreement shall, at the option of Land Bank, become null and void without legal or equitable recourse to any party.

ARTICLE VI: BROKERS

Associates shall indemnify and save each other party hereto harmless against all claims made for a commission in connection with the transactions described in this Agreement.

ARTICLE VII: RECORDING FEES

Associates shall pay all taxes imposed on all transactions described in this Agreement and shall obtain at its own expense

and affix to all instruments of conveyance and security documents such revenue and documentary stamps as may be required by law. All instruments of conveyance and security documents shall be placed on record in the manner prescribed by applicable statutes at the expense of Associates.

ARTICLE VIII: CONSTRUCTION OF AGREEMENT

This instrument, executed in triplicate, is to be construed as a Massachusetts contract, is to take effect as a sealed instrument, sets forth (together with all attached Schedules and Exhibits, which are made a part hereof) the entire agreement between the parties, is binding upon and enures to the benefit of the parties hereto and their respective successors and assigns, and may be cancelled, modified or amended (except as otherwise herein provided) only by a written instrument executed by all parties. Notwithstanding the foregoing, this Agreement may not be assigned by Boston or Associates or Partnership without the prior written approval of Land Bank.

ARTICLE IX: NOTICES

All notices required or permitted under this Agreement shall be in writing and shall be deemed given when delivered in hand or mailed by certified or registered mail, postage prepaid,

if to Land Bank, to:

Executive Director
Government Land Bank
Suite 900
Six Beacon Street
Boston, Massachusetts 02108

if to Boston, to:

Boston Redevelopment Authority
City Hall
1 City Hall Square
Boston, Massachusetts 02201

and if to Associates or Partnership, to:

Lower Mills Associates/Lower Mills Limited Partnership
c/o Frank Keefe Associates
Russia Wharf
530 Atlantic Avenue
Boston, Massachusetts 02110
Attention: Frank T. Keefe

or to such other address notice of which is given as set forth
above by any party to the others.

IN WITNESS WHEREOF, the parties have hereunto set their
hands and seals as of the day and year first above written.

GOVERNMENT LAND BANK

By _____

Its _____

BOSTON REDEVELOPMENT AUTHORITY

By _____

Its _____

LOWER MILLS ASSOCIATES

By _____

Its _____

LOWER MILLS LIMITED PARTNERSHIP

By _____

Its _____

SCHEDULE A
DESCRIPTION OF REAL ESTATE

SCHEDULE B

DESCRIPTION OF WORK

[In the event that final, working plans and specifications setting forth the work to be performed by Associates are not available at the time of execution of this Agreement, said plans and specifications shall, when completed, be subject to the approval of Land Bank.]

REDEVELOPMENT PLAN

GUIDELINES

1. All projects undertaken by the Land Bank and participating agencies shall be of public benefit and for a public purpose, and must reasonably be expected to contribute to the development or redevelopment of decadent, substandard or blighted open areas within the Commonwealth.
2. No redevelopment plan shall be approved by the Land Bank unless it is demonstrated that there is a reasonable likelihood that the project will be successful should funding become available.
3. No redevelopment plan shall be approved by Land Bank until Land Bank determined that its participation is necessary for the successful completion of the project. In this respect, Land Bank shall look to the availability of funding in the traditional capital markets and, if available, whether credit has been offered on terms which would preclude the project's success.
4. No redevelopment plan shall be approved by Land Bank until there has been first furnished to Land Bank an opinion of acceptable counsel that the participating agency's participation in the project is authorized under all relevant statutes.
5. Any mortgage between Land Bank and a participating agency must contain the following covenants:
 - a. That the current mortgagor will file adequate financial reports with the Land Bank. Such reports may take the form of periodic or annual audits.
 - b. That all major transactions by the current mortgagor shall be approved by Land Bank. Such transactions shall include, but are not limited to, any sale, merger, dissolution, or corporate reorganization.
 - c. That any later sale of the property will in no way affect the participating agency's duty to oversee the implementation of the redevelopment plan.
6. No property shall be purchased by Land Bank pursuant to an approved redevelopment plan until there has been first furnished to Land Bank an opinion of acceptable counsel that improvements called for in the redevelopment plan conform to all applicable laws, including, but not limited to, environmental, zoning, building, planning, and sanitation laws.

PARKING PLAN

TITLE INSURANCE POLICY

MORTGAGE NOTE

\$ _____

Boston, Massachusetts

_____, 1982

FOR VALUE RECEIVED, the BOSTON REDEVELOPMENT AUTHORITY, a body politic and corporate established pursuant to Chapter 121B of the General Laws, as amended, having its principal place of business at City Hall, Boston, Massachusetts (the "Maker") promises to pay to the GOVERNMENT LAND BANK, a Massachusetts body politic and corporate created by Chapter 212 of the Acts of 1975, as amended, and having its principal place of business at Six Beacon Street, Boston, Massachusetts (the "Payee") or its order, the principal sum of ____ Million ____ Hundred ____ Thousand ____ Dollars (\$_____) payable as to principal and interest as follows:

Commencing one (1) month from the date hereof and continuing monthly thereafter, the Maker will pay to the Payee an amount which, if paid in three hundred sixty (360) equal monthly installments, applied first to interest on the unpaid balance and the remainder to principal, would pay the entire amount of principal and interest on a loan in the principal amount hereof bearing interest at the rate of eleven percent (11%) per annum, provided however that the outstanding principal balance hereof and all unpaid interest accrued thereon shall be payable in full six (6) years from the date hereof.

At any time and from time to time, the Maker may without premium or penalty make additional payments on account of principal in multiples of \$1,000, but no such payment shall reduce the total amount of the installments due under the preceding paragraph above until the full amount of principal of this Note has been paid.

Whenever any day on which a payment is required to be made hereunder falls on a Sunday or a public holiday, such payment shall be due on the next following normal business day.

The sums due and payable under this Note and the Mortgage securing the same, are payable at the office of the Payee indicated above or at such other place or places as the Payee, its successors or assigns, may designate to the Maker in writing from time to time, in legal tender of the United States of America.

This Note is secured, among other things, by a Mortgage of even date herewith of certain real property of the Maker in the City of Boston, Suffolk County, of Massachusetts, more particularly described in said Mortgage. The Payee shall look only to said property for payment or performance of any obligation of the Maker hereunder, and in no event shall the Maker have any personal liability for the payment of any sums which may become due hereunder.

Upon the occurrence of any one or more of the following events of default:

1. default in making payment of any installment of principal or interest due hereunder or any other indebtedness of the Maker to the Payee for more than thirty (30) days

after the date when the same shall become due and payable, whether at the due date thereof or by acceleration or otherwise;

2. default in the performance of any of the covenants and conditions of said Mortgage or any other instrument now or hereafter securing this Note, all of which are hereby incorporated in this Note as if set forth at length herein, if such default shall have continued for a period of fifteen (15) days after written notice of such default shall have been furnished to the Maker at its address as set forth above or such other address of which the holder has been notified in writing, unless such default is incapable of cure within said fifteen (15) day period, in which event the maker shall not be in default if during said fifteen (15) day period the maker commences to cure such default and diligently proceeds to effect such cure during the period required therefor immediately thereafter; or

3. the dissolution, termination of existence or the appointment of a permanent receiver for the Maker or for any of the property of the Maker, or an assignment for the benefit of creditors by the Maker, or the filing of a petition under any bankruptcy, receivership, insolvency or debtor relief law by the Maker or a petition for any adjustment of indebtedness, reorganization, composition or extension by the Maker or the dependency of any such petition against the Maker, or any other person or corporation now or

hereafter liable, absolutely or contingently, for the payment of the whole or any part of the Note, such petition remaining undismissed for a period of sixty (60) days;

this Note shall, at the option of the holder, become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Maker. The holder's failure to exercise such option shall not constitute a waiver of the right to exercise same at any other time. Irrespective of the exercise or non-exercise of the foregoing option, in the event that any payment herein provided for shall become overdue for a period in excess of fifteen (15) days, a late charge of four cents (\$.04) for each one dollar (\$1.00) overdue shall become immediately due to the holder hereof as liquidated damages for failure to make prompt payment, and the same shall be secured by said Mortgage. Said charge shall be payable in any event not later than the due date of the next subsequent installment.

No renewal or extension granted, nor any indulgence shown to, nor any release of the Maker, nor any dealings with any holder hereof or any person now or hereafter interested herein or in the property securing this Note, whether as owner, encumbrancer or otherwise, shall discharge, extend or in any way affect the obligations of the Maker hereunder.

The Maker shall remain primarily liable under this Note and the Mortgage given to secure the same until full payment hereof, unaffected by (a) any alienation of the mortgaged property, (b) any agreement or transaction between the mortgagee and any alienee

as to payment of principal and interest or other moneys, (c) any forbearance or extension of time, guarantee or assumption by others, or (d) any other matters, as to all of which notice is hereby waived by the Maker.

The Maker agrees to pay all costs and attorneys' fees incurred in any action to collect this Note and to foreclose the Mortgage securing the same, or either.

IN WITNESS WHEREOF, the Boston Redevelopment Authority has caused its corporate name to be hereto subscribed and its corporate seal to be hereto affixed by its proper corporate officer, hereunto duly authorized, on this day of , 1982.

BOSTON REDEVELOPMENT AUTHORITY

Attest:

By _____

Its _____
duly-authorized

MORTGAGE

THE BOSTON REDEVELOPMENT AUTHORITY, a body politic and corporate established pursuant to Chapter 121B of the General Laws, as amended (hereinafter called the "Mortgagor"), for consideration paid, grants to GOVERNMENT LAND BANK, a Massachusetts corporation created by Chapter 212 of the Acts of 1975, as amended, and having its principal place of business in said Boston (hereinafter called the "Mortgagee"), with MORTGAGE COVENANTS to secure the payment of a certain sum, together with interest thereon, all as provided in one certain promissory note of the Mortgagor of even date herewith, payable to the order of the Mortgagee (hereinafter referred to as the "Note") and to secure the payment and observance of all covenants, agreements and conditions contained or referred to herein or in the Note and the performance of all other obligations of the Mortgagor to Mortgagee, certain real estate, together with all buildings and improvements now or hereafter constructed, installed or located thereon (hereinafter collectively referred to as the "Mortgaged Premises"), located in the City of Boston, Suffolk County, Massachusetts, and more particularly bounded and described as set forth on Schedule A attached hereto and made a part hereof.

The Mortgagor further covenants and agrees as follows:

1. To perform and observe all the terms and conditions of this Mortgage, the Note and any other instrument given to secure

the Note, provided however that the Mortgagee shall look only to the Mortgaged Premises for payment or performance of any obligation of the Mortgagor hereunder, and in no event shall the Mortgagor have any personal liability for any such payment or performance.

2. To pay the Mortgagee, on demand, in addition to the payments required by the Note, a monthly apportionment of the sum estimated by the Mortgagee to be sufficient to make all payments for taxes, charges and assessments upon the Mortgaged Premises, if any, as they become due and any balance necessary to pay, when due, all such taxes, charges and assessments.
3. Not without the prior written consent of the Mortgagee, to convey any part or all of the Mortgaged Premises, nor mortgage the same nor any part or all of them, provided however that the dedication of the Mortgaged Premises to the condominium form of ownership pursuant to documents reasonably satisfactory to the Mortgagee shall not be prohibited so long as the Mortgaged Premises continues to be operated as a rental housing project in conformity with the provisions of this Mortgage and the Redevelopment Plan hereinafter referred to.
4. Not without the prior written consent of the Mortgagee, to enter into a lease of any part or all of the Mortgaged Premises except in conformity with the provisions of the Redevelopment Plan hereinafter referred to.

On demand, the Mortgagor shall deliver to the Mortgagee

assignments of any and all leases of any part or all of the Mortgaged Premises, such assignments to be made by instruments in form reasonably satisfactory to the Mortgagee.

The consent by the Mortgagee to any such lease requiring its consent or the execution by the Mortgagor of any such lease not requiring the consent of the Mortgagee shall not constitute an agreement on the part of the Mortgagee to recognize such lease and the rights of the lessee thereunder after a foreclosure of this Mortgage. The Mortgagee shall not be required to recognize any lease of all or any part of the Mortgaged Premises or the rights of the lessee thereunder after foreclosure unless the Mortgagee shall have executed a separate explicit agreement to that effect.

5. To use and improve the Mortgaged Premises only in a way which (a) complies with the Redevelopment Plan heretofore approved by the Mortgagee, as from time to time amended, (b) maintains the parking facilities and improvements required by the provisions of the Purchase and Repurchase Agreement pursuant to which the Mortgaged Premises were originally conveyed to the Mortgagee, (c) facilitates the operation of the Mortgaged Premises as profitably as possible, and (d) complies with the terms and conditions under which financial assistance pursuant to the federal Urban Development Action Grant Program and other sources has been made available in connection with the Mortgaged Premises. The average monthly rental (excluding utility costs) of a unit in the Mortgaged Premises shall not exceed \$450 with respect to the first

year of operation following the date hereof. Future rent increases shall be commensurate with increases in operating expenses (excluding percentage increases in management fees) incurred by the Mortgagor with respect to the period following said first year of operation and certified to the reasonable satisfaction of the Mortgagee.

6. To insure or cause to be insured, in sums and with companies reasonably satisfactory to the Mortgagee and for the Mortgagee's benefit, the buildings now or hereafter standing on the Mortgaged Premises against fire, with the usual extended coverage endorsement, and such other hazards, casualties and contingencies as the Mortgagee may from time to time reasonably direct, and to deposit, on demand, all such insurance policies or certificates thereof with the Mortgagee, the same to be made payable in case of loss to the Mortgagee.
7. That a foreclosure of this Mortgage shall forever bar the Mortgagor or persons claiming under the Mortgagor from all right, title and interest in and to any or all of such insurance policies at the time of such foreclosure, including all rights to return premiums on cancellation.
8. That the Mortgagor will not make or permit to be made any structural alterations or additions on the Mortgaged Premises without the prior written consent of the Mortgagee, and will keep all and singular the Mortgaged Premises in such repair, order and tenantable condition as the same are now or may hereafter be put in while this Mortgage is outstanding, damage by fire or casualty being expressly not excepted. In

the event, however, that the Mortgaged Premises are damaged by fire or any casualty covered by insurance, the Mortgagor shall, within forty-five (45) days of such damage, commence the rebuilding or restoration of the same or the replacement thereof and diligently process such rebuilding, restoration or replacement to completion, rebuilding or restoring the same to substantially its condition immediately prior to such damage or replacing the same with an improvement of like value and utility. The Mortgagee agrees, provided no default exists under this Mortgage, the Note or any other instrument securing the same, to disburse the insurance money received or held by it to the Mortgagor as such rebuilding, restoration or replacement progresses and, after completion of such rebuilding, restoration or replacement, if any insurance money is still undisbursed, to pay over any balance thereof to the Mortgagor. If, however, the Mortgagor shall, for any reason, decide not so to rebuild, restore or replace and shall notify the Mortgagee in writing of such decision within thirty (30) days of such damage and, if the Mortgagee shall, for any reason, decide not to enforce the Mortgagor's obligation to rebuild, restore or replace as hereinabove provided, then, at the Mortgagee's option, the Mortgagee shall have the right to apply any insurance money received or held by it on account of the mortgage debt hereby secured, paying over any balance thereof to the Mortgagor. The Mortgagor will not make or agree to any final settlement of

any claim for damages covered by insurance without the written consent of the Mortgagee, which consent shall not be unreasonably withheld.

9. The Mortgagor will not use or permit the Mortgaged Premises to be used in violation of any law or municipal ordinance or regulation, including zoning and building laws and regulations, or for any unlawful or improper purpose.
10. In case of default in any condition of this Mortgage or the Note or any other instrument securing the same, the Mortgagee may apply toward any indebtedness secured hereby or payable hereunder any deposits or any sums credited by or due from the Mortgagee to the Mortgagor or any other security held by the Mortgagee as security therefor without first enforcing any other rights of the Mortgagee against the Mortgagor, against any endorser or guarantor of the Mortgage Note or against the Mortgaged Premises. After default and whether foreclosure has begun or not, if such default is waived by the Mortgagee, the Mortgagee shall be entitled to collect at that time all reasonable costs, charges and expenses, including reasonable attorneys fees, incurred by the Mortgagee up to the time of such waiver or default.
11. The Mortgagor will pay on demand to the Mortgagee or the Mortgagee may, at its option, add to the principal balance then due (a) any sums advanced or paid to the Mortgagee on account of any default of whatever nature by the Mortgagor, (b) any sums advanced or paid, whether before or after de-

fault, for or in lieu of taxes, assessments, water rates, repairs, improvements or insurance, or (c) any sums paid by the Mortgagee, including reasonable attorneys fees, in prosecuting, defending or intervening in any legal or equitable proceeding wherein the Mortgagee deems any of the rights created by this Mortgage to be jeopardized or in issue.

12. That upon default of any condition of this Mortgage or the Note or any other instrument securing the same, the entire mortgage debt will become immediately due and payable at the option of the Mortgagee, subject to any right which the Mortgagor may have to cure such default.
13. Not without the prior written consent of the Mortgagee, to permit the ownership of the Mortgaged Premises or any part thereof to become vested in any entity other than the Mortgagor or to permit any further mortgage or voluntary encumbrance to be placed on the Mortgaged Premises by the Mortgagor, or to permit the merger, dissolution or reorganization of any entity comprising the Mortgagor; in any such event, and at any time thereafter, at the option of the Mortgagee, the entire balance of the Note shall become due and payable on demand and, in addition thereto, the Mortgagee may, without notice to the Mortgagor or to any other parties liable for the payment of the Note, deal with such successor or successors in interest with reference to this Mortgage and the debt hereby secured in the same manner as with the Mortgagor or any other party liable for the payment of the

Note, without in any way vitiating or discharging its or their liability hereunder (including without limitation its or their obligation to comply and enforce compliance with the Redevelopment Plan hereinabove referred to) or upon the debt hereby secured. No sale or transfer of the Mortgaged Premises and no indulgence or forbearance on the part of the Mortgagee and no extension, whether oral or in writing, of the time for the payment of the debt hereby secured and no partial release of any security or covenant not to sue any party responsible for the debt secured hereby given by the Mortgagee shall operate to release, discharge, modify, change or affect the liability of the Mortgagor herein or any other party liable for the payment of the Note, either in whole or in part. In case redemption is had after foreclosure procedures have been begun, the Mortgagee shall be entitled to collect all costs, charges and expenses, including reasonable attorneys fees, incurred up to the time of redemption. In the case of foreclosure by sale, the Mortgagee shall be able to collect and retain one percent (1%) of the foreclosure sale price in addition to the costs, charges and expenses allowed under the statutory power of sale.

14. The Mortgagor hereby authorizes the Mortgagee to pay all taxes, assessments, water rates and other charges, with interest, costs and charges accrued thereon which may at any time be a lien upon the Mortgaged Premises or any part thereof; to pay the premiums for any insurance required

hereunder; to incur and pay reasonable expenses, including reasonable attorneys fees, in protecting its rights hereunder and in the security hereby granted; to pay any balance due under any conditional agreement of sale or financing statement on any fixtures covered by this Mortgage; in the event the Note is put in the hands of an attorney for collection of all or any part of the mortgage debt to pay any reasonable attorneys fees and expenses in connection with such collection; to add all amounts so incurred, or any part thereof, to the principal sum secured hereby and to apply to any of these purposes or to the repayment of any amounts so paid by the Mortgagee or any part thereof any sums paid hereunder by the Mortgagor.

15. The Mortgagor specifically agrees that in case the Mortgagee exercises its power of sale herein given, if the Mortgagee elects to sell in parcels, such sales may be held from time to time and the Power of Sale shall not be exhausted until all the Mortgaged Premises not previously released shall have been sold, or until all indebtedness secured hereby has been paid in full.
16. To furnish Mortgagee, as soon as the same is available, with a copy of any financial report which Mortgagor is required to prepare, and, upon the written request of Mortgagee, to furnish Mortgagee with additional financial reports, in form satisfactory to Mortgagee, prepared by a certified public accountant reasonably satisfactory to the Mortgagee; to fur-

nish to the Mortgagee from time to time (no less frequently than annually) statements of its operations (prepared by such a certified public accountant, if Mortgagee so requires) and reports regarding the marketing and management of the Mortgaged Premises, all in such form as the Mortgagee may from time to time request; to allow the Mortgagee at any reasonable time to enter upon the Mortgaged Premises to inspect the same; and to allow the Mortgagee from time to time to inspect the books and records of the Mortgagor relating to the Mortgaged Premises, wherever such books and records may be located.

Anything contained in this Mortgage to the contrary notwithstanding, and regardless of whether the Note shall have been paid, as of the fifth (5th) anniversary of the date hereof (or sooner with the prior written consent of the Mortgagee), all approximately fifty-seven (57) units in the Mortgaged Premises shall be made available for purchase by tenants as condominium units at prices and on other terms reasonably satisfactory to the Mortgagee. At least \$660,000 in mortgage subsidy shall have been made available by the Mortgagor as necessary to assist low and moderate income tenants in such purchases.

The Mortgagee by the acceptance of this Mortgage agrees to release portions of the Mortgaged Premises from time to time from this Mortgage upon the following terms and conditions:

A. At the time of such release the Mortgagor shall be in full compliance with all of its obligations hereunder and under the Note and under all other instruments securing said obligations.

B. There will be excluded from any such release such easements and other rights, if any, in, or, over or under the released portion as the Mortgagee deems reasonably necessary or desirable to serve the remainder of the Mortgaged Premises.

C. No such release shall be given except in connection with the sale of the parcel to be released, nor unless the entire net proceeds (the entire purchase price less reasonable and necessary expenses of the Mortgagor in making such sale, such as documentary stamps, broker's commissions and attorney's fees) are paid to the Mortgagee on account of the unpaid principal balance of the Note.

It is specifically understood and agreed that no sale of the Mortgaged Premises shall relieve the Mortgagor of its duty to oversee implementation of the Redevelopment Plan referred to in Paragraph 5 of this Mortgage.

Anything contained in this Mortgage to the contrary notwithstanding, if the Mortgagor shall at any time be a limited partnership, no transfer of limited partnership interests in the Mortgagor and no addition, subtraction or substitution of limited partners of the Mortgagor shall at any time constitute a default under this Mortgage.

This Mortgage is upon the STATUTORY CONDITION, for any breach of which or for any breach of the foregoing covenants or agreements the holder hereof shall have the STATUTORY POWER OF SALE.

IN WITNESS WHEREOF, the City of Boston has caused these presents to be signed, acknowledged and delivered in its name and behalf by its proper corporate officer, hereunto duly authorized, this day of , 198_.

BOSTON REDEVELOPMENT AUTHORITY

By _____

Its _____
duly-authorized

Commonwealth of Massachusetts

Suffolk, ss. _____, 198_

Then personally appeared the above named
its _____, and acknowledged the foregoing instrument
to be the free act and deed of the Boston Redevelopment Authority,
before me,

Notary Public

My commission expires _____

SCHEDULE A
DESCRIPTION OF MORTGAGED PREMISES

[to be added in form and substance consistent with Schedule A of
the attached Purchase and Repurchase Agreement]

Frank Keefe Associates, Inc.

Planning and Development

8 October 1982

Mr. Robert Ryan
Director
Boston Redevelopment Authority
One City Hall Square
Boston, MA 02201

Dear Bob:

I am writing to request the support of you and the Board for the conversion of a part of the Walter Baker Mill complex in Dorchester Lower Mills into 58 units of private, moderate income housing.

Specifically, the BRA is being asked to serve as the conduit for the permanent loan of \$3,363,000 from the Massachusetts Government Land Bank. As you know, the Land Bank's funds must pass through a local, public purpose agency, such as yours.

After reviewing the alternatives with the City's Corporation Counsel and Paul McCann, it appears that the BRA can serve in this pass-through capacity. Our lawyers, Brown-Rudnick, are willing to provide both you and the Land Bank with a formal opinion as well.

This loan is non-recourse, so no financial liability devolves to the City.

The conversion of the Adams Mill into private, affordable rental housing is enthusiastically supported in the neighborhood, as is evident from the attached letters.

The project has obtained a construction loan commitment from the Shawmut Bank, a \$660,000 Urban Development Action Grant, all zoning approvals and regulatory sign-offs, as well as the Land Bank commitment. The design, by Boston Architectural Team, is complete and the contractor is ready to start construction.

The General Partners are Bob Kuehn, Developer of Anderson-Park and Marcus-Garvey, and myself. To make the rents affordable for Dorchester people without Section 8 subsidies and with high building costs, we have committed ourselves to raising \$840,000 in equity from Limited Partners. These funds will be used, together

/...

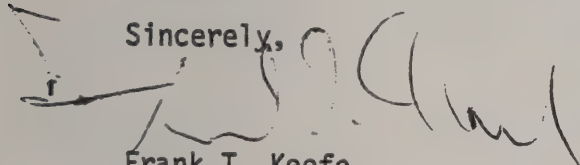
with the UDAG, to yield an external income stream to keep rents down. Upon conversion to sale-housing, the UDAG and \$340,000 of our money will be used to write low-cost second mortgages.

This is a complex and unusual project, which needs the assistance of the BRA, as all of us in the public and private sectors continue to search for new approaches to building affordable rental housing.

Please call if you have any questions.

Best wishes.

Sincerely,



Frank T. Keefe

/tw

Dorchester Lower Mills Civic Assoc., Inc.

31 Old Morton Street
Dorchester Lower Mills, MA 02126
April 27, 1981

Councilor Lawrence S. DiCara
Chairman
Committee on Planning and Development
Boston City Council
New City Hall
One City Hall Square
Boston, Massachusetts 02201

Dear Sir:

At the April 27, 1981 meeting of the Executive Board of the Dorchester Lower Mills Civic Association it was resolved that the Executive Board supports the Message and Order approving application to the U.S. Dept. of HUD for an U.D. Action Grant of \$2, 800,000 for the Dorchester Lower Mills Housing Development and supporting an application to the Massachusetts Land Bank for the Dorchester Lower Mills Housing Development. It was further resolved at the Executive Board Meeting to request Chairman Lawrence S. DiCara (Committee on Planning and Development) to delete the Expenditure Clause within this application at this time and to include it at a later date subject to the satisfaction of all parties that Design Review resolutions are acceptable to the greatest number of neighborhood residents, the Dorchester Lower Mills Civic Association and that the solutions are consistent with the hopes and aspirations of the community.

The Dorchester Lower Mills Housing Development positively addresses two major needs of this community. One is the need for ^{more} affordable housing within the Lower Mills community. Secondly a need exists for ^{more} housing that does not discriminate by age and income eligibility requirements. We accept the commitment made by the Lower Mills Associates to work closely with the members of the Dorchester Lower Mills Civic Association to plan for a solution acceptable to the community; a solution that is the best possible for these buildings and this neighborhood at this time considering neighborhood needs, the buildings and the market demographics.

Sincerely yours,

Gary Tondorf-Dick

Gary Tondorf-Dick, President
Dorchester Lower Mills Civic Association

1981 5
copy
Dorchester Lower Mills Civic Association

Address
All Communications
to the Secretary.

April 28, 1981

To: City Council Committee on Planning & Development

Re: Urban Development Action Grant Program, Dorchester Lower Mills Project

My name is Agnes Minihan and I am the Public Hearings representative of the Dorchester Lower Mills Civic Association. At our regular monthly meeting, held on Monday, April 6, 1981, Frank Keefe, representing the Lower Mills Associates, presented to our membership their plans for developing certain of the Mills buildings. Our area has been likened to the Lowell Mills area, however we are unique in that our mills are surrounded by residential properties and we trace our roots back to the year 1633. The Lower Mills Associates have shown a sensitivity to this heritage in their planned treatment of the buildings and have addressed the major objection to the original presentation by coming up with an acceptable parking site. The public hearing by the Neighborhood Development Agency, held on April 14, 1981, helped to expedite the solution to this problem to the satisfaction of the community and the business area, commonly referred to as "the Village". The summary of the UDA application was received by the members of the "B" Board and the officers of the DLMA over the weekend and we attempted to go over the plethora of figures at our Executive Board meeting last night. A number of questions were raised in regard to the monies that would be given to the NDA as Administrative Costs. Also the money from the interest at the time of the resale of the properties would be given over to the NDA. Perhaps at some time in the ^{near} future an agreement ^{could} be worked out to reinvest some of this into our community with the input of all our neighbors. ^{Hopefully} the expenditure clause can be used as an instrument to further this end.

Thank you.

Sincerely,

Agnes Minihan
20 Old Station St.
Dorchester, MA 01928

Lower Mills Merchants Association

2273 Dorchester Ave., Dorchester, Mass. 02124

President

RAY McDONOUGH

Vice President

ALTON SHERMAN

Treasurer

EUGENE FLYNN

Secretary

MRS. LEONA RASKIN

April 6, 1981

Harrington Keefe & Schork
One Boston Pl.
Boston, Mass.

Dear Mr. Keefe

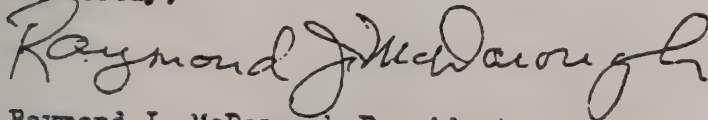
This is a follow up Letter to our Association Meeting which you addressed recently here in Lower Mills.

The membership of Lower Mills Merchants is 100 % in agreement that the conversion of the Walter Baker building to modern apartments would be a tremendous improvement to the Pierce Square area.

Hopefully this project will receive necessary funding and be approved at all levels in the near future.

Thank you for the time and effort that must have gone into this project. Lower Mills Merchants will cooperate in any way possible.

Sincerely,



Raymond J. McDonough President.

St. Gregory's Church
2223 Dorchester Avenue
Dorchester, Massachusetts 02124

June 8, 1981

Massachusetts Land Bank

Letter of endorsement for Proposed Apartment Complex in
Baker's Mills.

To Whom It May Concern:

I write this letter of endorsement in a dual capacity,
i.e. as Pastor of St. Gregory's Parish, and also as a mem-
ber of a Dorchester Lower Mills family who have resided here
since 1930.

I strongly support the proposal for apartments in the
old Baker's Chocolate Mills.

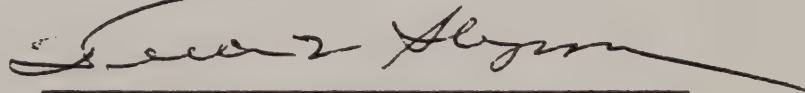
These apartments would help to revitalize these old
historic buildings, and contribute greatly to the improve-
ment of the Lower Mills area.

Such an apartment complex would be a real asset for
the Parish, and the total community.

I sincerely hope that you will look favorably upon
this proposal.

If I can be of further service in this matter, please
call upon me.

Sincerely,



Rev. Msgr. William F. Glynn, Pastor

WFG:mh

One Hundred Years

1882 - - - 1982

Blaney Memorial Baptist Church

67 Richmond Street, Boston, Massachusetts 02124

298-5214

Reverend Harry B. Sill, Pastor

June 8, 1981

Rev. Nathan Hunt
1882-1890

Rev. John N. Shipman
1890-1895

Rev. Edwin S. Wheeler
1895-1899

Rev. Lyman R. Swett
1900-1909

Rev. Allan A. Rideout
1910-1921

Rev. Eugene D. Dolloff
1922-1930

Dr. M. D. Wolf
Interim Pastor 1931

Rev. Stanley M. Isman
1931-1938

Dr. Merrill Tenney
Interim Pastor 1938

Rev. Robert S. Stanfield
1939-1942

Dr. Merrill Tenney
Interim Pastor 1942

Dr. George C. Ladd
1942-1945

Rev. Leslie D. MacInnes
1945-1952

Rev. Kenneth McCowan
1953-1959

Rev. Frank N. Kik
Interim Pastor 1959-1960

Rev. Richard P. Sweetser
1960-1967

Dr. John A. Burgess
Interim Pastor 1967-1968

Rev. Kenneth McCowan
1968-1972

Rev. Harry B. Sill
1972-

Dear Gentlemen:

Never before, to the best of my recollection, have I ever publically given my personal support to a commercial venture of any kind. In this instance however, the development of the Baker Chocolate Mills for rehabilitated housing, by the Lower Mills Association, is of such importance that I gladly speak on it's behalf.

I have lived and worked in Dorchester-Lower Mills for more than nine years. During that time, I feel I have to some extent, identified the fabric of life in this area of our city. This proposal for housing construction, as I understand it, will be of great positive value for this area. Beyond the statistical evaluation of cost, percentage points and profit, there is a human quality about this proposal that may be difficult to measure, but nun-the-less, should be given consideration.

The Lower Mills Association has given every indication that they are concerned with the history of this community. Their purpose seems to be not careless violation of our heritage for the sake of development, but rather, careful spotlighting of our heritage by rehabilitation of one of our oldest resources. The Lower Mills Association is offering our community a positive answer to one of our more serious problems, a shortage of affordable housing. The Lower Mills Association by the mere fact of undertaking this step of progress, is creating a climate in which there will be a serious desire to continue developing all of the potential of our area, for the betterment of all concerned.

One point of view in regard to this matter, that might otherwise go un-noticed, has to do with the personality of the Lower Mills Association,

One Hundred Years

1882 - - - 1982

Blaney Memorial Baptist Church

67 Richmond Street, Boston, Massachusetts 02124

228-5214

Reverend Harry B. Sill, Pastor

Page Two

June 8, 1981

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1882-1890

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Rev. Harry B. Sill
1972-

as represented by Mr. Frank Keefe. As a member of the executive board of the Dorchester Lower Mills Civic Association, I have had opportunity to evaluate the developer of this project through their negotiations with the community. From my point of view, it seems Mr. Keefe is not only interested in progress, but is interested as well in cooperating with the community so that progress in this matter might be shared by all.

Gentlemen, my personal point of view is that the Lower Mills Association be given the opportunity to develop the Baker Chocolate Mills as proposed, to bring about a quality of success to the Dorchester Lower Mills community.

Sincerely,

Reverend Harry B. Sill

Building and Construction Trades Council of the Metropolitan District

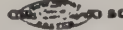
Affiliated to the

Building and Construction Trades Department

AFL — CIO

TERRITORIAL JURISDICTION

Arlington, Boston, Belmont, Brookline, Burlington, Cambridge, Canton, Chelsea, Dedham, Everett, Malden, Medford, Melrose, Milton, Norwood, Reading, Revere, Somerville, Stoneham, Wakefield, Westwood, Winthrop, Winchester, Woburn, and the Islands of Boston Harbor.



TELEPHONE
(617) 426-1121

120 BOYLSTON STREET
Room 503
BOSTON, MASS. 02116

May 5, 1981

Mr. John F. Weis, Director
Neighborhood Development Agency
182 Tremont Street
Boston, Massachusetts 02116

Dear Mr. Weis:

On behalf of the Building and Construction Trades Council of the Metropolitan District, I wish to endorse the proposed conversion of three mill buildings at Dorchester Lower Mills into rental housing. The Building Trades strongly support reuse projects of this kind, and the goal of affordable housing in older neighborhoods is one which our members share. As you know, the Trade Council appeared before the City Council at its meeting on April 27, 1981 to offer support for UDAG funding for this project. The builder of this project, Macomber Construction Company, is a union contractor for whom the Building Trades has the greatest respect. The Lower Mills Project will create about 200 construction jobs, and Building Trade's members need them. In fact, many of our members live right in this immediate neighborhood. We urge the City and State to do whatever it can to see that this project receives the funding and other necessary approval it needs to go forward.

Sincerely,

Barney Walsh
President

Building and Construction Trades
Council of the Metropolitan District

BW/tb

cc: Councillor Lawrence DiCara
Jeffrey A. Simon, Mass. Government Land Bank
Honorable Brian J. Donnelly
Senator Joseph B. Walsh
Representative Thomas M. Finneran
Byron Matthews, Secretary, E.O.C.D.
Robert Patterson, Exec. Director, M.I.F.A.



WILLIAM F. M. HICKS
COMMISSIONER

The Commonwealth of Massachusetts
Executive Office of Environmental Affairs
Department of Environmental Management
Loeverett Saltonstall Building, Government Center
100 Cambridge Street, Boston 02202

May 29, 1981

Mr. Frank T. Keefe, President
Harrington, Keefe & Schork, Inc.
for Lower Mills Associates
One Boston Place
Boston, Mass.

Dear Mr. Keefe:

The Department of Environmental Management has reviewed your UDAG proposal which will provide much-needed residential housing in the now vacant mill structures in Dorchester Lower Mills area of Boston. We feel that your proposal is compatible with the proposed Lower Mills Heritage State Park which through acquisition and development of park lands and public ways will, if fully funded:

- 1) preserve existing undeveloped land along the Neponset River (the only undammed river in the Boston Metropolitan area).
- 2) provide an interpretative program illustrating the history and development of the Lower Mills area, including the Walter B. Baker Chocolate Mill.
- 3) provide a framework of public lands within which a variety of private building uses might be developed within the National Register/Lower Mills Industrial District.

We look forward to working with you on this project.

Sincerely,

A handwritten signature in cursive script that reads "William F. M. Hicks".

William F.M. Hicks
Commissioner

WH/JB/phb

Financing set for Lower Mills rental units

By Anthony J. Yudis
Globe Staff

"In these times (without federal housing subsidies), we need extraordinary, innovative methods to build rental housing," stresses Jeffrey Simon, executive director of the Mass. Government Land Bank.

His observation - referring to an experimental housing program set to be launched in mid-summer in one of Boston's suburban neighborhoods, Dorchester Lower Mills - may be an understatement for this particular project.

To build 57 units of rental housing and make it financially feasible is requiring the assistance of:

- The Mass. Government Land Bank as a short-term mortgage lender.
- The city's Neighborhood Development and Employment Agency (NDEA) through administration of a \$680,000 Urban Development Action Grant (UDAG) from the Federal Housing and Urban Development Department, and a \$488,000 Community Development Block Grant loan.
- The private developers, through their willingness to take a smaller profit and allow some projected income back into the project.

But Frank Keefe of Frank Keefe Associates and Robert Kuehn of Housing Associates, the private development team, say that after months of negotiations, "all the pieces and loose ends have been tied together."

With a construction loan assured from the National Shawmut Bank of Boston, the \$11.34-million project to recycle one of the city's historic former Baker Chocolate Mills buildings into an apartment house will get under way this summer, says Keefe.

This initial program will focus on the Adams Mills, one of three 110-year-old, white painted buildings facing Pierce Square at Adams and Washington streets. The interior of the curved corner building will be gutted and new interior construction will be based on designs furnished by Boston Architectural Team.

The white paint will be removed so that once again the red brick will dominate the square. Within these walls will be 57 apartments - six studios, 39 one-bedroom units and 12 two-bedroom units, six of which will be duplexes.

"We will control all three mills but we have money only to develop Adams which will represent about 40 percent of our total plans," said Keefe.



Part of Dorchester mill complex which once was chocolate factory is to be recycled for housing.

PHOTO BY JOSEPH HENFIELD

All three mills eventually will be for housing, said Keefe.

There are two internal courtyards and parking will be available, says Keefe. Some residents of the five-story mill building will have views of the Neponset River, the Blue Hills and the downtown Boston skyline.

Most of the other nearby industrial buildings, says Keefe, will continue to be used for industry and commerce.

The Baker Mills complex covers more than 14 acres.

The challenge was to figure out a way to put a feasible financial development package together because, if developers depended only on conventional financing, which is not easily available anyway, rentals would be exorbitant and any future plans to sell the units to dwellers could be prohibitive.

The solution is a six-year rental program followed by sale of the units to dwellers, who the developers hope, would be the initial apartment renters. The plan is aimed at introducing a stable population here.

This is not low-income family housing.

Rentals, despite a number of financial problems, will average about \$450 a month.

The developers contend the rents could be a lot higher without the city and state land bank help.

Here is how the basic financial package was conceived, say spokesmen of NDEA, the land bank and the developers.

The mortgage financing for six years, which will replace the construction loan, will come from the state land bank at below-market interest rates. The rate will be about 11½ percent to 12 percent, Simon estimates.

Payments will be based on a 30-year amortization payment schedule even though at the end of six years the developers have to pay off the remaining mortgage. The mortgage will be paid off from sale of the units.

The land bank, which has helped a number of communities with development programs by loans or land and building purchases, would use state-backed general obligation bonds to finance the mortgages. But even this arrangement, with re-

stricted ceilings on rental schedules, would cause revenue shortfalls, says Keefe.

This is how they are getting around the problem.

The developers will add \$340,000 - to be raised by sale of limited partnerships to wealthy investors seeking such partnerships for tax shelter purposes - to the UDAG grant.

The city will invest this \$1 million in some high-yielding annuity.

"The goal is to create a yield of at least \$167,000 per year," notes Keefe. The earnings will help keep the rentals from rising or at least help soften whatever rent increases are necessary in the future.

"The developers also will loan \$500,000 to the project to fill any revenue gap that might result if the above measures fail. This money also will come from sale of limited partnerships for tax shelter purposes.

NDEA also has signed a letter of intent to provide a \$488,000 loan to the developer from Community Development Block Grant funds as a back-up loan to cover any construction contingencies that might arise.

arise. The state land bank sought such a back-up.

Provisions also are being made to set up a mortgage loan pool of at least \$680,000 to later help potential buyers at the end of the six-year rental stretch to purchase their units. The UDAG fund would be used also to assist in creation of the mortgage pool.

Simon notes that the developers and city seeking the state's help came in with a proposal for all three buildings covering 144 units.

"We told them it was just too big for this time, and they came back with what we felt was a more manageable-sized project. In addition we attached a list of conditions aimed at guaranteeing that the housing will serve the population we wanted, the moderate-income small family."

"We have put rent and operating cost restrictions and other kinds of constraints that will protect our financing with the use of the city UDAG and other funds."

Simon says the developers will be able to make a profit "but a restrictive profit, to be sure."

During the six years they are renting the developers, Simon says, will see very little profit. They will, however, make some management profits.

"At the end of the six-year period, the developers will be able to sell the units for a percentage more than the per-unit acquisition and renovation costs. The exact percentage is not set, but it certainly will be below what private developers normally would expect."

NDEA, which worked with both the Lower Mills Civic Assn. and the Lower Mills Merchants Assn. as well as the developers, to effect a revitalization program, notes that Lower Mills was one of a number of neighborhoods chosen by the agency for development and revitalization.

The area has been designated a CARD district, (Commercial Area Revitalization District) which qualifies developers and present business owners for below-market interest rate loans for rehabilitation or new construction.

What about the two adjacent mill buildings, the Pierce and the Preston Mills?

"We are looking at a variety of alternatives," for financing these projects, said Keefe.

"This is without a doubt the single most complicated deal I have ever seen," said Simon.

An upper for Lower Mills

GLOBE 6/6/81

The state Government Land Bank is scheduled to decide Tuesday whether to make a loan of \$8.7 million to facilitate the development of a 144-unit housing development in the Lower Mills section of Dorchester that could be a key to the stability and resurgence of that area. It ought to give its approval.

The loan would be made to Lower Mills Associates, a partnership of developers and real estate packagers, which has an option on three mills on the east side of Adams street right on the Neponset River. The plan is to rent the units for what are moderate rents in today's market - \$375 to \$575 a month - for seven years and then to allow the tenants to purchase them at that time at 75 percent of appraised market value.

Any addition to the housing stock of Boston of other than luxury units is welcome and Government Land Bank approval for the seven-year loan would move the agency into the mainstream of urban revitalization efforts. Local savings banks, notably the Homeowners Federal Savings and Loan Association, have al-

ready agreed to participate in the financing of the construction. It would be sad if a state agency now pulled the plug.

More than 144 housing units are at stake. First, the infusion of money into the neighborhood would enhance neighborhood confidence. New residents would be a boon to the commercial establishments in the area. All of that together would undoubtedly make manufacturers more interested in investing in the rehabilitation of other mills in the area, abandoned by the Walter Baker Chocolate Co. in the mid-1960s, and thereby enhance the prospects for job development in the area.

Even with Government Land Bank approval, the future of the housing development will not be secure. To make it financially feasible, the federal government will have to provide an Urban Development Action Grant for more than \$2.5 million. Given the Reagan Administration's attitude toward using UDAGs for residential projects, that is not a sure thing. However, one thing is certain: Government Land Bank disapproval would make it a dead thing.

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MEMORANDUM

OCTOBER 28, 1982

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT J. RYAN, DIRECTOR

SUBJECT: IMPLEMENTATION OF THE FIRST PHASE REHABILITATION OF THE
WALTER BAKER COMPLEX IN DORCHESTER LOWER MILLS

As you are aware, the Authority and the City have been on a strategic course to revitalize the former Walter Baker complex in Lower Mills and have approved a Commercial Area Revitalization Plan and the necessary UDAG grant. The Massachusetts Government Land Bank has agreed to provide a permanent loan for \$3,300,000 and the Shawmut Bank has committed for the construction loan financing. All zoning approvals and other regulatory approvals have been attained. However, in order to proceed, it is necessary that a local public agency like the Authority be the technical mortgage holder of any State Land Bank funds.

The attached agreement outlines the Authority's involvement, which, basically, is that the property will be improved utilizing construction loan financing and equity financing by Lower Mills Associates for approximately \$3,300,000 and will be immediately purchased by the Land Bank for the same dollar amount and reconveyed to the Authority, utilizing a no-recourse purchase money mortgage. The Authority would then reconvey the property, burdened by the mortgage from the Land Bank, to the Lower Mills Associates.

The Authority is clearly a public intermediary agency in order for the Land Bank to be able to invest in this purchase under the State limitations on bonding. However, the staff has incorporated into the agreements an explicit requirement that there is no recourse for the default to the Authority, that the only recourse of the Land Bank or others is to the land and buildings as improved. Therefore, there is no financial risk on the part of the Authority who would be the major conduit to implement this important revitalization of Lower Mills.

This first phase will result in the Adams Mill portion of the complex being converted into 58 units of moderate-income housing with the UDAG funds being utilized to keep the rents down. This is a complex and unusual project. The participation of the Authority will give further evidence of the strong cooperation between the private and public sectors to find solutions to unique and unusual projects in order to accomplish new moderate-income housing for the neighborhoods of the city. This is in compliance with the Mayor's announced revitalization plan for this area.

I urge the Authority to authorize the execution of the attached agreement in substantially the form as attached, whereby the Authority will be agreeing to implement the simultaneous purchase and mortgage agreement at the time of the completion of the rehabilitation.

VOTED: That the Director be, and hereby is, authorized to execute the Purchase and Repurchase Agreement dated October 28, 1982, substantially in the form as attached; and is further authorized to execute whatever assurances are needed to effectuate the terms of that agreement.

